

Social Security proposals in the President's 2007 Budget

As reestimated by CBO (by fiscal year, in billions of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	5-year 2007-11	10-year 2007-16
Individual accounts a/												
Payments to interim account	--	--	--	12.3	30.9	47.9	56.1	61.6	67.2	72.9	43.2	348.9
Receipts by interim account	--	--	--	-12.3	-30.9	-47.9	-56.1	-61.6	-67.2	-72.9	-43.2	-348.9
Transfers to individual accounts:												
Contributions	--	--	--	--	16.5	35.7	52.0	57.4	63.0	68.6	16.5	293.1
Interest	--	--	--	--	0.9	1.9	2.7	3.0	3.3	3.6	0.9	15.2
Benefit offsets	--	--	--	--	--	*	-0.1	-0.2	-0.4	-0.6	--	-1.3
Administrative costs b/	--	--	0.5	1.0	0.3	0.5	0.7	0.6	0.5	0.3	1.8	4.4
Subtotal, individual accounts c/	--	--	0.5	1.0	17.6	38.0	55.3	60.9	66.4	71.9	19.1	311.5
Benefit proposals												
Suspend benefits for children age 16-17 unless enrolled in school	*	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.7	-1.7
Strengthen WEP/GPO enforcement by obtaining data from state and local governments	--	--	--	-0.1	-0.3	-0.4	-0.4	-0.4	-0.4	-0.3	-0.4	-2.2
Simplify workers' compensation offset	*	*	-0.1	-0.1	-0.1	-0.1	*	*	*	*	-0.2	-0.4
Eliminate lump-sum death benefit	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-1.0	-2.1
Subtotal, benefit proposals c/	-0.2	-0.4	-0.4	-0.6	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-2.4	-6.5
Total proposals	-0.2	-0.4	0.1	0.4	16.8	37.1	54.5	60.0	65.6	71.1	16.7	305.0

* = Less than \$50 million.

Details may not add to totals because of rounding.

OASI=Old-Age and Survivors Insurance, DI=Disability Insurance, WEP=Windfall Elimination Provision, GPO=Government Pension Offset.

a. The President proposes to allow workers to redirect up to 4 percentage points of the 12.4 percent OASDI payroll tax to individual accounts. Dollar limits---\$1,100 in 2009, and growing by \$100 a year through 2016---would keep contributions for most workers below the full 4 percentage points. Those ceilings would be wage-indexed after 2010. In 2010, workers born between 1950 and 1965 (ages 45 through 60) could contribute. Eligibility would expand in 2011 to include workers born between 1950 and 1978 (ages 33 through 61), and after 2011, all workers born in 1950 or later could participate. When owners eventually qualified for Social Security, their benefits would be reduced by the hypothetical annuity that their account would generate if it had always earned a real return of 2.7 percent (3.0 percent minus 30 basis points annually for administrative costs). CBO assumes that one-third of eligible workers would participate. For more information, see Congressional Budget Office, "An Analysis of the President's Budgetary Proposals for Fiscal Year 2007" (March 2006).

b. Includes startup costs in 2009 and 2010, and later payments as necessary to supplement the amounts raised by charging accounts 30 basis points annually.

c. The proposed individual accounts affect the OASI trust fund. The benefit proposals affect both trust funds, as follows: